

SECTION 203(b) OF THE NATIONAL HOUSING ACT
WAIVER OF RESTRICTIONS UNDER 24 CFR 203.37a

Pursuant to the authority of the Secretary under 203 of the National Housing Act (Act) and Section 7(q) of the Department of Housing and Urban Development Act, and 24 CFR §5.110, I hereby make the following Findings and Determinations.

FINDINGS

1. Section 203 of the National Housing Act authorizes the Secretary of HUD to insure mortgages on one- to four-family dwellings. The purpose of Section 203 is to increase homeownership opportunities.
2. 24 CFR 203.37a (b)(2) of the HUD regulations provides that properties that have a resale date 90 days or less following the date of acquisition by the seller are not eligible for an FHA insured mortgage.
3. 24 CFR 203.37a (b)(3) of the HUD regulations further provides that properties that are resold between 90 and 180 days following acquisition by the seller is generally eligible for a mortgage insured by FHA. However, if the resale amount is 100 percent over the purchase price, the mortgagee must obtain additional documentation, including an appraisal from another appraiser.
4. As a result of Hurricane Katrina, a significant number of dwellings were severely damaged or destroyed, affecting the value of the properties. Hurricane Katrina also forced the relocation of thousands of residents of the directly impacted areas to other counties and several additional states. This has resulted in a critical need for housing in the areas that were hit by the hurricane.
5. The Department recognizes that safe and adequate housing is a major factor in the restoration and stabilization of communities following a natural disaster. Investors and developers can play a major role in the recovery of the housing stock in the areas ravaged by Hurricane Katrina. These entities could also play a major role in addressing the housing needs of the thousands who elect to remain in the communities to which they fled.

DETERMINATION

1. There is a critical need for safe and affordable housing in areas hit by Hurricane Katrina. It can be reasonably expected that many of the properties acquired by investors and developers after Hurricane Katrina will be rehabilitated and sold within 90 days, and at amounts in excess of 100 percent of the purchase price.

2. HUD strongly supports the rapid rehabilitation of dwellings to house victims of Hurricane Katrina. HUD also recognizes that its time restriction requirements designed to deter predatory lending practices, are an impediment to quickly acquiring, rehabilitating and re-selling dwellings to hurricane victims.
3. Therefore, it is appropriate and in the public interest to waive the restrictions of 203 CFR 37a (b)(2), to permit sellers to acquire, rehabilitate and re-sell dwellings, within 90 days, using FHA mortgage insurance.
4. Waiver of the regulations prohibiting the use of FHA mortgage insurance on property acquired, and sold in 90 days or less will not violate any statutory requirements.
5. The regulations at 24 CFR 37a (b) (2), in so far as they preclude placing FHA mortgage insurance on property acquired and subsequently resold in 90 days or less, should be and hereby are waived.
6. This waiver shall apply to the following declared disaster areas:

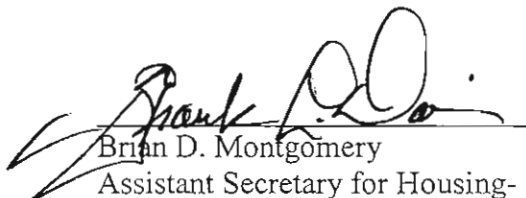
Alabama - Baldwin, Mobile, Pickens, Greene, Hale, Tuscaloosa, and Washington Counties.

Louisiana – Acadia, Ascension, Assumption, Calcasieu, Cameron, East Baton Rouge, East Feliciana, Iberia, Iberville, Jefferson, Jefferson Davis, Lafayette, Lafourche, Livingston, Orleans, Pointe Coupee, Plaquemines, St. Bernard, St. Charles, St. Helena, St. James, St. John, St. Mary, St. Martin, St. Tammany, Tangipahoa, Terrebonne, Vermillion, Washington, West Baton Rouge, and West Feliciana Parishes.

Mississippi – Adams, Amite, Attala, Claiborne, Choctaw, Clarke, Copiah, Covington, Forest, Franklin, George, Greene, Hancock, Harrison, Hinds, Jackson, Jasper, Jefferson, Jefferson Davis, Jones, Kemper, Lamar, Lauderdale, Lawrence, Leake, Lincoln, Lowndes, Madison, Marion, Neshoba, Newton, Noxubee, Oktibbeha, Pearl River, Perry, Pike, Rankin, Scott, Simpson, Smith, Stone, Wathall, Warren, Wayne, Wilkinson, Winston, and Yazoo Counties

The period of this waiver is two years from the date of issuance.

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Federal Housing Commissioner